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7TH DISTRICT OF ARIZONA

COMMITTEE ON NATURAL RESOURCES
Subcommittee on National Parks, Forests and Public
Lands, Chair
Subcommittee on Water and Power

COMMITTEE ON EDUCATION AND LABOR
Subcommittee on Workforce Protections
Subcommittee Early Childhood, Elementary and
Secondary Education

CONGRESSIONAL PROGRESSIVE CAUCUS,
Co-Chair



Congress of the United States
House of Representatives
Washington, DC 20515-0307

September 30, 2010

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The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th St. SW
Washington, DC 20554

Re: WC Docket No. 10-110

Dear Chairman Genachowski:

The FCC currently is reviewing a transaction of great importance to the citizens in my state – CenturyLink's proposed acquisition of Qwest. The Arizona Corporation Commission (ACC) is also undertaking a thorough examination of the proposed transaction. As I am sure you will agree, state public service and utility commissions, including the ACC, play an important role in reviewing transactions such as this one to ensure that the interests of the citizens in their respective states are protected.

The ACC's review process is just underway. A number of parties, including the Communications Workers of America (whose written direct testimony I am attaching to this letter), have raised many specific concerns about the impact of this transaction on working families, consumers and businesses in Arizona. According to the schedule proposed by the ACC, its proceeding is not likely to conclude until after the first of the year. It is my hope that the FCC will not issue a final decision on this transaction until the ACC has had an opportunity to complete its review proceeding and share its recommendations with the FCC.

Sincerely,

Raúl M. Grijalva
Raúl M. Grijalva
Member of Congress

cc: Commissioner Michael Copps
Commissioner Mignon Clyburn
Commissioner Meredith Atwell Baker
Commissioner Robert McDowell

UCB
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1564

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11 Attorneys for Intervenor CWA

12 **BEFORE THE ARIZONA**
13 **CORPORATION COMMISSION**

14 IN THE MATTER OF THE JOINT
15 NOTICE AND APPLICATION OF
16 QWEST CORPORATION, QWEST
17 COMMUNICATIONS COMPANY,
18 LLC, QWEST LD CORP., EMBARQ
19 COMMUNICATIONS, INC. D/B/A
20 CENTURYLINK COMMUNICATIONS,
21 EMBARQ PAYPHONE SERVICES,
22 INC. D/B/A CENTURY LINK,
23 AND CENTURYTEL SOLUTIONS,
24 LLC, FOR APPROVAL OF THE
25 PROPOSED MERGER OF THEIR
26 CORPORATIONS QWEST
27 COMMUNICATIONS
28 INTERNATIONAL INC. AND
CENTURYTEL, INC.

Docket Nos. T-01051B-10-0194
T-02811B-10-0194
T-04190A-10-0194
T-20443A-10-0194
T-03555A-10-0194
T-03902A-10-0194

**PRE-FILED DIRECT TESTIMONY
OF JASPER GURGANUS OF
BEHALF OF THE
COMMUNICATIONS WORKERS OF
AMERICA (CWA)**

1 **Q. Please state your name and business address.**

2 A. My name is Jasper Gurganus. My office address is 501 Third Street, NW,
3 Washington, DC 20001.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am the Vice President of Telecommunications for the Communications Workers
6 of America.

7 **Q. Please describe your work experience in the telecommunications industry.**

8 A. My work experience spans approximately forty-five years in the
9 telecommunications industry. I was first employed as a residential installer-
10 repairman in 1966 with Carolina Telephone and Telegraph Company which is
11 now part of CenturyLink. Approximately five years later I was promoted to the
12 job of business services technician and held that position for approximately 25
13 years. The majority of that time I also served as a local union representative
14 which exposed me to many of the craft positions and work activities within the
15 industry. I served six years as a CWA Representative and for the last 8 years as
16 CWA's Telecommunications Vice President. My duties at CWA are devoted
17 primarily to working for and with our members employed by companies in the
18 rural telecommunications industry.

19 **Q. Why is the Communications Workers of America interested in this case?**

20 A. CWA is an international union representing 14,327 workers in the state of
21 Arizona who are also consumers. Also, 2,128 of our members in the state are
22 employed by Qwest. CWA holds a collective bargaining agreement with Qwest
23 covering the terms and conditions of employment of those workers. CWA is

1 vitally concerned with the outcome of this proceeding because our members and
2 their families will be affected by the merger as workers, consumers and residents.
3 Indeed, this transaction could adversely affect the economic health of the state
4 and their local communities.

5 **Q. What is the scope of your testimony?**

6 A. I will discuss the risks enumerated by CenturyLink in its prospectus submitted to
7 the Securities and Exchange Commission in July that relate to integration.
8 Further, I will show that the integration risks are real and that current experience
9 with the integration of CenturyLink systems in former Embarq territories is
10 evidence of the potential public harm. Finally, I will explain how those concerns
11 with systems integration could pose a serious threat to the quality of service
12 received by Qwest customers in Arizona.

13 **Q. What are the integration risks to which you refer?**

14 A. On July 19, 2010, CenturyLink and Qwest sent a joint proxy statement /
15 prospectus to their stockholders. Attached as Schedule JG-1 are excerpts from
16 that document, which I will refer to as "Prospectus." In the Prospectus,
17 CenturyLink lists two general categories of risks associated with integration:

- 18 • "CenturyLink expects to incur substantial expenses related to the merger"
19 which includes integration-related expenses. Prospectus, p. 16.
- 20 • Following the merger, the combined company may be unable to integrate
21 successfully the businesses of CenturyLink and Qwest and realize the
22 anticipated benefits of the merger." Prospectus, p. 17.

23
24 CenturyLink lists some of the many systems that must be integrated
25 including "billing, management information, purchasing, accounting, finance,

1 sales, payroll and benefits, fixed asset, lease administration and regulatory
2 compliance." Prospectus, p. 16.

3 CenturyLink explains as follows why this integration poses a serious
4 financial risk to the company:

5 While CenturyLink has assumed that a certain level of transaction
6 and integration expenses would be incurred, there are a number of
7 factors beyond its control that could affect the total amount or the
8 timing of its integration expenses. Many of the expenses that will
9 be incurred, by their nature, are difficult to estimate accurately at
10 the present time.

11 Prospectus, p. 16.

12 CenturyLink further explains the element of risk by noting that it is likely
13 to have to begin initiating integration with Qwest before it has completed its
14 integration with Embarq. By taking on the Qwest acquisition prior to having
15 successfully completed the Embarq integration, CenturyLink admits that the
16 integration process of both acquisitions could be "delayed or rendered more costly
17 or disruptive than would otherwise be the case." Prospectus, 16

18 **Q. Do you agree with CenturyLink that there are risks associated with the**
19 **proposed transaction?**

20 **A.** I agree that there are risks associated with the transaction. In particular, I agree
21 that there are serious risks associated with the acquisition of Qwest prior to
22 successfully integrating systems relating to CenturyLink's recent acquisition of
23 Embarq. Both of these acquisitions – each of which is large and challenging in its
24 own right – pose huge risks of disrupting service for customers.

25 **Q. How does the integration of Embarq relate to the integration of Qwest?**

1 A. When it was acquired by CenturyLink, Embarq had operations in 18 states.¹
2 From information that was reported to me by CWA members who are employees
3 of CenturyLink, it appears that only two of those states – Ohio and North Carolina
4 – have been converted to CenturyLink systems from Embarq systems. Beginning
5 in July of this year, I have engaged in an ongoing series of interviews and
6 conversations with CWA local union leaders in those two states. As a result, I
7 have been made aware of the sorts of difficulties being experienced during the
8 transition. The conversion in Ohio was largely completed in October of 2009.
9 North Carolina began its conversion earlier this year, in May of 2010.

10 These leaders, who are technicians currently employed fulltime by
11 CenturyLink and were previously employed fulltime by Embarq, report a range
12 of problems that stem from some core structural flaws including: the systems
13 themselves have “glitches”; the systems often do not coordinate with other
14 internal systems; insufficient training and resources were provided to former
15 Embarq employees about the new systems; and, inadequate staffing support to
16 respond appropriately to the transition issues that have arisen.

17 CenturyLink must successfully address the integration issues arising in
18 Ohio and North Carolina so that the issues can be resolved in those states and
19 avoided in the other states involved in the Embarq transaction. If these issues are
20 not successfully addressed with the former Embarq operations, then the much
21 larger task of integrating Qwest has a great potential to cause serious damage to
22 CenturyLink and the customers it serves.

¹ CenturyTel-Embarq Joint Proxy Statement / Prospectus, dated Dec. 22, 2008, p. 1.

1 **Q. Do you have some specific examples of the sort of problems CenturyLink is**
2 **experiencing with the Embarq integration?**

3 **A. Yes. According to the interviews I conducted, workers are being dispatched to**
4 **incorrect locations for service. One interviewee from North Carolina reported to**
5 **me that the new dispatch system is sending residential Installation and Repair**
6 **(I&R) technicians to business sites. Once there, the I&R tech obviously has to**
7 **call in to have the work order referred to a business systems technician. This**
8 **keeps the customer out of service longer or delays the start up of the new service.**
9 **According to the reports I received, the additional delays have lasted at least one**
10 **day.**

11 **Q. Do you have any other examples of problems with CenturyLink's attempts to**
12 **integrate Embarq's customers onto CenturyLink computer systems?**

13 **A. Yes. Several workers reported being dispatched for service with insufficient or**
14 **incorrect information. For example, one individual told me that he often received**
15 **new service orders that fail to include information about what the customer**
16 **ordered, so he has to ask the customer what they ordered and hope he has the right**
17 **equipment with him to complete the installation.**

18 **Q. Are workers experiencing particular problems with the new systems?**

19 **A. Yes. CenturyLink's software that drives the dispatching and assigning is**
20 **apparently very different than the systems the former Embarq technicians are**
21 **accustomed to. For example, an interviewee in North Carolina explained that**
22 **under the Embarq systems, technicians were given information about the cable**
23 **pairs and the binding posts they were supposed to connect to. The software**

1 figured that out ahead of time so that the tech would arrive at the job site knowing
2 exactly what had to be done. Under the new system, nothing coincides. Often
3 information about the binding posts is not given or the wrong information is
4 given, which causes additional delay to get accurate information.

5 Other techs reported that the CenturyLink system uses codes and layouts
6 that are confusing and different from the type of information provided by the
7 Embarq systems. For example, some of the work orders generated by the new
8 system have some coding at the bottom that the techs cannot translate. Other
9 work orders don't have enough information for the tech to understand the job that
10 is being assigned. When they call in for information, it is clear the people in the
11 center are looking at different fields on their computers than what appears on the
12 computers in the technician's trucks. Needless to say, this makes it difficult to
13 have a conversation about the problem, and it causes unnecessary delays in trying
14 to solve the problem and serve the customer.

15 That report also illustrates another theme that ran through the experiences
16 that were related to me -- that the systems do not appear to be interconnected or
17 coordinated. For example, when a tech calls into the assigner or to the central
18 office, often the representative they deal with cannot access the same information
19 about a particular job.

20 **Q. Were you able to interview a customer service center worker about issues**
21 **they may have with the new systems?**

22 **A. Yes. I interviewed a service center assistant at the CenturyLink center in North**
23 **Carolina. Prior to the conversion, the center handled both programming and**

1 assignment work. Programming work involves getting into the switch and
2 programming features the customer has requested on the line. This would include
3 basic dial tone as well as enhanced features like DSL. Assignment involves the
4 physical features, the facilities, that the techs will work on. The center handled
5 work from all 18 Embarq states. Techs would call in with either programming or
6 assignment questions, and the center workers could handle both. The former
7 Embarq system allowed them to see everything they needed to support the techs –
8 they could see the physical assignment and the programming at the same time.

9 Since the conversion, assignment work has been separated from
10 programming work. The center in North Carolina handles programming.
11 Assignments are handled by a different center in another state. If a tech calls in
12 with a problem that turns out to be about assignment, the center worker has to
13 send them to a different department, located at a different center to handle the
14 problem. They cannot even access the information from their computers.

15 Customer Service Representatives use another system to write orders for
16 new installations. That system is supposed to interface with the assignment and
17 programming systems so that customer information flows through, but according
18 to the center worker, that often doesn't happen. Trying to figure out how to solve
19 the problem, which center to call, causes all kinds of problems. She told me it
20 had the techs running in circles.

21 **Q. Are these problems having any impact on work flow?**

22 **A.** Yes. Calls from techs get backed up because the workers in the center are trying
23 to get the correct information from different sources. Also, the center is now

1 handling two new states – Alabama and Georgia – and they both use different
2 switches, so the programmers have to learn the new equipment. All of this
3 means that the pace of work has slowed down. I was told that the service center
4 assistants used to handle 50 to 60 calls a day, but that each call is now so time-
5 consuming that the load has been cut in half.

6 **Q. Are there other indications that the new computer systems are not working**
7 **properly or are not fully integrated?**

8 **A.** Yes. Other reports reflect inefficiencies in the new systems. For example, one
9 technician I interviewed reported that he is now using the new system for work
10 order information on installations. In the past, under the old system, orders for
11 business clients or multiple installs at the same site would be on one order. Now
12 with the new system, if there are multiple installs at one site, the technicians get
13 individual orders for each install. For instance, a new installation at a school
14 came through as 20 individual orders to install.

15 Obviously, the troubles our techs are experiencing with the systems also
16 have an impact on consumers. For example, one tech reported a problem with the
17 way an outage at a concentrator (a piece of equipment that serves multiple dial-
18 tone or data lines from one large cable) was reported. Prior to the merger between
19 Embarq and CenturyLink, if a concentrator went down, the business office would
20 issue an outage ticket that would alert people throughout the system that there is a
21 known outage in a specific area. That meant when customers called to report the
22 outage, the customer service representatives would be able to tell them the
23 company knew about the outage, that it was being worked on, and even an

1 estimated time the service would be restored. Under the new system, the business
2 office can take a trouble report, but it is not issued as an outage report, so our
3 customers cannot be told that we may already be working on the problem or when
4 their service might be restored.

5 I am also receiving reports from techs that the new system does not
6 automatically send copies of the orders to the central office, so they are unable to
7 help if there is a problem. If techs run into problems, they need to call the
8 assignment desk and have them send electronic copies to the CO. These sorts of
9 system problems can delay work. One interviewee reported that he has had to put
10 jobs on hold for 2 to 3 hours while orders are sorted out. These kinds of delays
11 cause customer dissatisfaction.

12 I also received a report that the new CenturyLink systems are so
13 inefficient (improper orders, bad tickets, delays from being on hold while calling
14 in for information that should have been included on the work orders) that tasks
15 that should take a tech one hour to complete are taking as long as three hours.

16 **Q. What other problems were reported to you by CWA members in Ohio and**
17 **North Carolina?**

18 **A.** One of the techs from North Carolina mentioned that some of the new systems
19 require a lot of manual override. For example, the new CenturyLink systems are
20 not able to provide the type of information that is required for new fiber-to-the-
21 curb installations. The new systems cannot assign the pairs for connection. That
22 means that this has to be done manually which takes additional time – delaying

1 the installation for the customer and, of course, unnecessarily tying up the tech on
2 that job which delays his ability to move on to the next customer who needs help.

3 **Q. Are you aware of any customer service problems that have arisen as a result**
4 **of these issues?**

5 **A.** Yes. The CWA members I interviewed described several encounters with
6 customers who were extremely frustrated. For example, there have been
7 instances of workers who were dispatched days after the date customers were
8 advised they would arrive. One tech reported about a full DSL installation for a
9 "winback" customer (that is, a customer who had been receiving telephone and
10 Internet service from a cable company). The tech received two orders – one from
11 the system that gives the facility information and another from a separate system
12 that gives the information about the time of the appointment. Under Embarq's
13 systems, this information came on the same order from the same system. Because
14 the information isn't synched up, techs are being assigned to the location after the
15 customer was told they would be there.

16 While these problems are not being caused by CWA's members out in the
17 field, our front-line workers are hearing directly from customers about their
18 complaints of poor service. These complaints reflect how integration difficulties
19 impact on service quality. Customers are complaining to our techs about long
20 times spent on hold, being transferred multiple times until they find someone who
21 can deal with their problem, installation and service appointments not being kept,
22 finding someone at CenturyLink who can address DSL problems, or even give
23 them accurate information about DSL availability to their home. For instance,

1 one of our techs in North Carolina reported that a neighbor of his called
2 CenturyLink and was told that he could not get DSL at his home. The tech knew
3 this was wrong because he had DSL at his house. So the tech called CenturyLink
4 (connecting to a representative in Maryland) and was told the same thing. When
5 he said that he already had DSL, the CenturyLink rep just hung up on him. I
6 don't blame the customer service representative, I blame the computer systems
7 the rep is relying on to provide accurate information.

8 One of our techs in Ohio reported that he has received several complaints
9 from customers about the time it takes to report a trouble or place an order. He is
10 giving out his cell phone number to his customers so they can call him directly if
11 there are any problems. In other words, our people are bending over backwards
12 to try to serve their customers, but CenturyLink's new computer systems are
13 hindering their efforts to do so.

14 **Q. Have you received reports about how CenturyLink management is**
15 **addressing these types of issues?**

16 **A.** Our members told me that management is aware of the issues they reported to me.
17 CenturyLink started a technician feedback process in July. I understand that in
18 Ohio our techs turned in about 300 reports in the first month.

19 It also appears that one of CenturyLink's solutions is just to require people
20 to work longer hours to deal with the backlog of work created by improper
21 dispatch, inaccurate information, and inefficient systems. CWA members in
22 Ohio and North Carolina have been placed on mandatory overtime.
23

1 **Q. Based on your many years of experience in the telecommunications industry,**
2 **do you have an opinion as to why there are so many problems with the**
3 **transition?**

4 **A. In part, it is simply not easy to convert some of these systems. And based on**
5 **what the techs have reported to me, it appears that CenturyLink's systems**
6 **themselves are not "user-friendly." Systems that require manual overrides for**
7 **daily transactions, that supply redundant work orders, that do not allow two**
8 **workers to access the same computer screens as they are working together to**
9 **address a problem indicate problems with the technology. It is particularly**
10 **frustrating to Embarq workers who feel they are taking a step backwards with the**
11 **technology they are using. The types of problems they are experiencing were not**
12 **problems with the Embarq systems they had been using.**

13 Some of the problems might be avoided with adequate training of the
14 workers. For example, one tech I spoke to in Ohio reported that he received
15 training two months before the new systems were in place. There was no other
16 follow up or refresher. Not surprisingly, by the time the systems were available
17 for him to use, he and his co-workers had forgotten most of the information from
18 the training session.

19 Other problems stem from the different methods and cultures of the two
20 companies. For example, DSL has been a nightmare. The Century techs and the
21 Embarq techs speak different languages and have different procedures. In areas
22 where the service areas are nearby, Century techs were assigned to work on
23 former Embarq DSL lines. But they did not understand Embarq's procedures and

1 terminology, and made so many mistakes, that Embarq techs had to be called in to
2 redo the work.

3 **Q. How does the experience of CenturyLink's attempts to integrate Embarq's**
4 **operations affect your judgment of the proposed merger between**
5 **CenturyLink and Qwest?**

6 **A.** In my opinion, a thorough review and audit of the systems should be conducted to
7 assure that the most efficient systems are being integrated. I would hope that this
8 is done before any more Embarq states are converted to CenturyLink. But it
9 absolutely must be done if the proposed merger with Qwest is to take place.
10 Before Qwest and CenturyLink are integrated, consideration must be given to
11 adopting Qwest's systems. Qwest is by far the larger of the companies involved
12 and it has a more urban service area (meaning more large business customers,
13 more CLEC wholesale operations, more multi-state customers, and so on). It
14 seems to me that adopting Qwest systems would mitigate much of the disruption
15 we might otherwise anticipate. Or, at a minimum, Qwest systems should remain
16 in place for current Qwest operations and networks. Based on the reports I am
17 receiving, I strongly recommend that CenturyLink should not be permitted to
18 integrate Qwest's computer systems into the CenturyLink systems.

19 If the merger is approved, serious consideration should be given to
20 adopting systems and methods in such a way as to cause as little disruption to
21 customers as possible. This would include adopting those work practices and
22 methods that the majority of the workforce is accustomed to.

23 **Q. Is CenturyLink nearing the end of its integration of Embarq?**

1 A. No, it is not. While Embarq had a lot of customers in Ohio and North Carolina,
2 Embarq also served 16 other states. Included in states that have not yet been
3 converted to CenturyLink systems are Nevada, including the Las Vegas metro
4 area where Embarq was the ILEC, and Florida where Embarq also has major
5 markets (such as Tallahassee and the Orlando area).

6 Q. Do you believe the issues raised by workers in Ohio and North Carolina
7 have implications for Arizona?

8 A. Yes. The difficulties I have described here as reported to me by our members in
9 North Carolina and Ohio indicate that CenturyLink is experiencing serious
10 problems while trying to integrate systems in just two states. These problems will
11 likely be magnified with each additional state it attempts to bring online. For the
12 Embarq merger, 16 states are yet to be integrated.

13 The problems experienced by Embarq workers in Ohio and North Carolina
14 have clear implications for the integration envisioned by the proposed merger
15 with Qwest, nationally and also in Arizona. In Arizona, more than 1.4 million
16 retail access lines will be transferred over to a company that has never operated in
17 the state.²

18 We are concerned that without a proper assessment of the systems,
19 without adequate training and supervisory support, and without commitments to
20 maintain employment levels, our members employed by Qwest in Arizona may
21 experience many of the problems our members in Ohio and North Carolina have
22 experienced. And when our members experience problems such as I have
23 described here, it means that consumers are experiencing problems.

² From www.centurylinkqwestmerger.com; statistics as of 12/31/09.

1 **Q. Based on your interviews with your members in North Carolina and Ohio,**
2 **what do you conclude?**

3 A. I conclude that the proposed acquisition of Qwest by CenturyLink could result in
4 serious integration problems which could lead to a degradation of service quality
5 in Arizona. My opinion is based in large part on reports from CWA members,
6 front-line workers who are currently involved in the integration of Embarq into
7 CenturyLink. In my opinion, the Commission should protect the public's interest
8 by not approving CenturyLink's merger with Qwest before the integration with
9 Embarq is completed satisfactorily.

10 **Q. If the Commission disagrees with you and believes that it is possible to**
11 **condition the proposed transaction to protect the public, are there conditions**
12 **you would recommend?**

13 A. Yes: First, I would recommend that the Commission require CenturyLink to
14 engage a third party to review and audit CenturyLink, Qwest and Embarq systems
15 first hand. The third party should be required to test different systems to assure
16 compatibility and interoperability, to assess that employment levels are
17 appropriate for the delivery of quality service, and to ensure that our techs in the
18 field will receive the type of information they need to do their job safely and
19 efficiently.

20 Second, CenturyLink and Qwest should be required to include union-
21 represented occupational employees in their system integration planning for
22 Arizona and other Qwest states. I would recommend at least two from former
23 Century locations, two from former Embarq locations and two from Qwest

1 locations. These union representatives should be selected by CWA and would be
2 responsible for offering insights and feedback on integration issues related to
3 work organization and software programs involved in human resource
4 management, including dispatching, work assignment, and trouble reporting. As
5 full participants in this committee, these frontline workers will have input into
6 resolving system-wide issues such as those that are currently causing
7 dissatisfaction and disruptions for consumers in Ohio and North Carolina and
8 making it impossible for the workers in those states to deliver quality service
9 efficiently.

10 Third, the Commission should require the company to provide specific
11 timetables and plans for systems integration and make those plans publicly
12 available.

13 Fourth, the Commission should require the company to guarantee
14 employment levels in the state for at least three to five years in order to assure
15 adequate workforce to deal with the unforeseeable as well as the foreseeable
16 issues that could negatively impact customers and employees in Arizona. This is
17 particularly important in light of the systems integration issues I discussed above.
18 The new systems are causing tremendous inefficiencies in field work, resulting in
19 work orders taking longer to complete than they would have if Embarq's systems
20 remained in place. It would be disastrous to have a reduction in the skilled
21 workforce at the same time these types of systems-related inefficiencies are
22 occurring.

1 Fifth, the company should be required to develop training programs for
2 employees that include introductory as well as ongoing training in the new
3 systems and includes tools and resources to assist workers on the job. In addition,
4 CenturyLink should provide customer education materials, including phone
5 numbers to call in the event of outages or other system disruptions.

6 And sixth, the Commission should develop and enforce appropriate
7 reporting requirements and service quality penalties to ensure that the merger
8 does not adversely affect service quality to telephone customers in Arizona.
9 Those penalties must be large enough to provide CenturyLink with a strong
10 incentive to provide good customer service. CenturyLink must be given the
11 message – both in writing and through financial penalties – that it cannot take
12 shortcuts on the design and implementation of its systems, reduce employment
13 levels, skimp on employee training, or otherwise jeopardize its ability to provide
14 the type of high-quality service CWA members pride themselves on delivering to
15 Qwest's Arizona customers.

16 **Q. Are there any other recommendations you would make to the Commission?**

17 **A.** Yes. Once all the conditions I have just listed are satisfied, and the Commission
18 is assured that the integration issues I have testified about will not jeopardize
19 service quality in Arizona, then the Commission should also include enforceable
20 conditions that would guarantee that CenturyLink will make the necessary
21 investment to build a communications system within the state that meets the needs
22 of a twenty-first century economy and society.

1 To ensure that the proposed transaction serves the public interest in
2 broadband expansion, I recommend that the Commission impose a second set of
3 conditions, to follow the successful completion of the integration-related
4 conditions, to require CenturyLink to comply with concrete, verifiable broadband
5 commitments. Those commitments should be in line with the goals of the
6 National Broadband Plan.

7 First, the merged entity should commit to make available broadband to *all*
8 the retail lines it serves (defined as single-line residence and business access lines)
9 at a minimum of 4 Mbps download and 1 Mbps upload within three years of
10 closing. (The Commission might consider an exception for a small number of
11 very remote lines served.)

12 Second, the Commission should also require the merged entity to provide
13 high-speed broadband of 50 Mbps download and 20 Mbps upload to 80 percent of
14 lines within five years after closing. The Commission should set annual interim
15 benchmarks to get to these goals.

16 Third, the Commission should require the merged entity to invest in
17 delivering 1 gigabit capacity to community anchor institutions in at least five pilot
18 communities no later than six months following the successful completion of the
19 integration-related conditions.

20 Fourth, the Commission should require the merged entity to commit to
21 deploy IPTV to communities serving at least 1 million Arizona residents by a date
22 certain.

23 **Q. Does this conclude your direct testimony?**

1 A. Yes, it does.



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

October 25, 2010

The Honorable Raúl M. Grijalva
U.S. House of Representatives
1440 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Grijalva:

Thank you for your letter supporting the proposed transfer of control between CenturyLink and Qwest. I value your perspective on the potential benefits of this transaction and I appreciate your interest in this matter.

Many of the issues associated with this transaction – investment in broadband infrastructure, extending broadband to rural areas, and job creation – are among my highest priorities as Chairman. The Commission takes seriously its evaluation of transfer of control applications; and you can be assured that it will consider these issues as part of its careful and deliberate review of this proposed transfer.

Your letter will be included in the record of this proceeding. If I may be of further assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in dark ink, appearing to be "J. Genachowski", written over the printed name.

Julius Genachowski